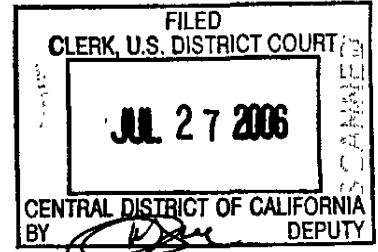


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9 *Attorneys for Motion Picture Studio*
10 *Plaintiffs*

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UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA

METRO-GOLDWYN-MAYER
STUDIOS INC., *et al.*,

Plaintiffs,

v.

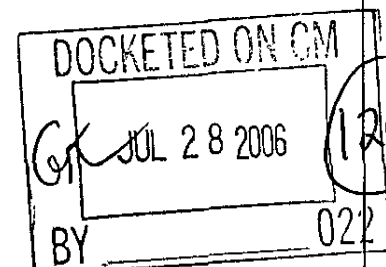
GROKSTER, LTD., *et al.*,

Defendants.

Case No.: CV 01-08541 SVW (FMOx)

**STIPULATION TO CONSENT
JUDGMENT AND PERMANENT
INJUNCTION AGAINST
SHARMAN NETWORKS LTD
AND LEF INTERACTIVE PTY
LTD**

AND RELATED COUNTERCLAIMS.



1 Defendants Sharman Networks Ltd ("Sharman"), LEF Interactive Pty Ltd
2 ("LEF"), and Sharman License Holdings Ltd ("SLH") (collectively, "the Sharman
3 Defendants"), and Kazaa BV, on the one hand (collectively, "the Kazaa
4 Defendants"), and Plaintiffs Metro-Goldwyn-Mayer Studios Inc., Columbia
5 Pictures Industries, Inc., Disney Enterprises, Inc., Warner Bros. Entertainment Inc.
6 (as successor-in-interest to the Filmed Entertainment Division of Time Warner
7 Entertainment Company, L.P.), New Line Cinema Corporation, Paramount Pictures
8 Corporation, Twentieth Century Fox Film Corporation, and Universal City Studios
9 LLLP (f/k/a Universal City Studios, Inc.) (collectively, "the Motion Picture Studio
10 Plaintiffs"), on the other hand, by and through their undersigned counsel, hereby
11 stipulate to the entry of Judgment and a Permanent Injunction in favor of the
12 Motion Picture Studio Plaintiffs according to the following terms. For purposes of
13 this Stipulation, and the Judgment and Permanent Injunction, the term "Kazaa
14 System and Software" shall mean the software heretofore distributed under the
15 name "Kazaa" or the "Kazaa Media Desktop" or "KMD" or "Kazaa Plus" (the
16 "Kazaa Software"), the computer servers operated by the Kazaa Defendants, and
17 other activities in which the Kazaa Defendants engaged, including operating the
18 "kazaa.com" website, to allow users of the Kazaa Software ("Users") to connect to
19 and use computer networks consisting, inter alia, of other Users of Kazaa Software,
20 to reproduce and distribute digital files.

21
22 1. Judgment shall be entered against the Kazaa Defendants and in
23 favor of the Motion Picture Studio Plaintiffs in Case No. CV 01-08541 SVW
24 (FMOx), in accordance with this Stipulation, each party to bear its own fees and
25 costs.
26
27
28

1 2. The Kazaa Defendants, and each of them, and including their
2 respective officers, agents, servants, employees, and attorneys and those persons
3 in active concert or participation with them who received actual notice of this
4 Consent Judgment and Permanent Injunction by personal service or otherwise:

5 a. Immediately and permanently shall cease and desist on a
6 worldwide basis, from, in any manner, directly, contributorily, or vicariously
7 infringing, or inducing the infringement of (as those terms are understood under
8 United States copyright statutory and case law), any copyright in any and all motion
9 pictures, television programs, or other copyrighted works (or portions thereof),
10 whether now in existence or later created, in which any Motion Picture Studio
11 Plaintiff (including its parents, subsidiaries, and affiliates) owns or controls an
12 exclusive right under Section 106 of the United States Copyright Act (17 U.S.C.
13 § 106) (the "Copyrighted Works") or the applicable copyright law of any other
14 jurisdiction. This shall include, but is not limited to, engaging in any of the
15 following without the authorization of the appropriate Motion Picture Studio
16 Plaintiff:

17 (i) copying, reproducing, publicly performing, or
18 otherwise exploiting any of the Copyrighted Works via the Kazaa Software or any
19 comparable software, except for the limited purpose of testing the effectiveness of
20 copyright filtering undertaken in order to help ensure compliance with this
21 Injunction; and

22 (ii) soliciting, encouraging, authorizing, inducing, or
23 knowingly materially contributing to (as those terms are understood under United
24 States copyright statutory and case law) any person or entity ("user"), via the Kazaa
25 Software or any comparable software, (a) copying, reproducing, downloading,
26 distributing, uploading, linking to, transmitting, or publicly performing any of the
27 Copyrighted Works, or (b) making any of the Copyrighted Works available for
28

1 copying, reproduction, downloading, distributing, uploading, linking to,
2 transmitting, or public performance.

3 b. Immediately and permanently shall cease and desist on a
4 worldwide basis, from distributing the Kazaa Software or any other comparable
5 software without at all times implementing and maintaining a copyright filtering
6 solution that is secure and effective in preventing the transmission of unauthorized
7 copies of the copyrighted works of the Motion Picture Studios and their parents,
8 subsidiaries, and affiliates, pursuant to standards and procedures jointly developed
9 by the Parties by agreement.

10 c. Shall use all reasonable means (technical or otherwise), to
11 the extent lawfully and technically possible, to prevent or inhibit infringement of
12 the Copyrighted Works by existing Users of all versions of the Kazaa Software,
13 including without limitation by disabling the searching, downloading, uploading,
14 file trading and/or file distribution functionality, and/or all functionality, of such
15 software, and by taking affirmative steps to deter infringement of the Copyrighted
16 Works by Users.

17
18 3. If the Kazaa Defendants (a) sell, lease, license, convey, give
19 away, or otherwise transfer or assign, any part of the source code, object code, other
20 technology, domain names, trademarks, brands, assets, or goodwill in any way
21 related to the Kazaa System and Software, or (b) otherwise cause or allow to occur
22 a change of control of the business, operations, equity, or assets of any of the Kazaa
23 Defendants, unless the Transfer is exclusively between and among the Kazaa
24 Defendants, and no other persons (collectively, a "Transfer"), they will require, as a
25 condition of any such transaction, that each purchaser, lessee, or other transferee or
26 assignee (collectively, a "Transferee") (a) submit to this Court's jurisdiction and
27 venue and fully waive and relinquish any argument that venue or jurisdiction by
28

1 this Court is improper or inconvenient, (b) agree to be bound by the injunctive
2 terms herein, and (c) apply to the Court for an order adding them as a party to the
3 permanent injunction entered by the Court against the Defendants. The Kazaa
4 Defendants shall not permit any Transfer to close unless and until the Court has
5 entered such an order as to the Transferee.

6
7 4. The operative Complaint in this action is hereby amended to add
8 Sharman License Holdings Ltd. as a defendant, which for all purposes herein shall
9 be bound by this Stipulation and the Judgment and Permanent Injunction entered by
10 the Court.

11
12 5. The settlement agreement between the parties resolving the
13 underlying action shall not be merged into or extinguished by the entry of this
14 Consent Judgment and Permanent Injunction.

15
16 6. The Kazaa Defendants irrevocably and fully waive notice of
17 entry of the Judgment and Permanent Injunction, and notice and service of the
18 entered Judgment and Permanent Injunction, and understand and agree that
19 violation of the Judgment and Permanent Injunction will possibly expose the Kazaa
20 Defendants to all penalties provided by law, including for contempt of Court.

21
22 7. The Kazaa Defendants agree forthwith to give notice of the
23 Judgment, once entered, and Permanent Injunction to each of their officers,
24 directors, employees, partners, owners, successors, licensees, and all those acting in
25 concert or participation with each or any of them.

1 8. The Kazaa Defendants irrevocably and fully waive any and all
2 right to appeal the Judgment and Permanent Injunction, to have it vacated or set
3 aside, to seek or obtain a new trial thereon, or otherwise to attack in any way,
4 directly or collaterally, its validity or enforceability.

5
6 9. The Kazaa Defendants consent to continuing jurisdiction of the
7 Court for purposes of enforcement of the Judgment and Permanent Injunction, and
8 irrevocably and fully waive and relinquish any argument that venue or jurisdiction
9 by this Court is improper or inconvenient.

10
11 10. The Kazaa Defendants acknowledge that they have read this
12 Stipulation and [Proposed] Judgment and Permanent Injunction and have had it
13 explained by counsel of their choosing, and fully understand it and agree to be
14 bound thereby, and will not deny the truth or accuracy of any term or provision
15 herein.

16
17 11. The Motion Picture Studio Plaintiffs shall not be required to
18 post any bond or security, and the Kazaa Defendants permanently, irrevocably, and
19 fully waive any right to request a bond or any other security.

20
21 12. This Stipulation, Consent Judgment, and Permanent Injunction
22 are the result of a compromise of claims between the Motion Picture Studio
23 Plaintiffs and the Kazaa Defendants and do not constitute an admission by the
24 Kazaa Defendants of liability for copyright infringement, or otherwise, to the
25 Motion Picture Studio Plaintiffs or any other party.

1 13. Nothing contained in the Judgment and Permanent Injunction
2 shall limit the right of the Motion Picture Studio Plaintiffs to recover damages for
3 any and all infringements by the Kazaa Defendants of the copyrighted works of the
4 Motion Picture Studios or their affiliates occurring after the date the Kazaa
5 Defendants execute this Stipulation and Judgment and Permanent Injunction.
6

7 14. The Motion Picture Studio Plaintiffs and the Kazaa Defendants
8 hereby stipulate to the dismissal with prejudice of all of the counterclaims asserted
9 by Sharman Networks Ltd against the Motion Picture Studio Plaintiffs, only, in the
10 Corrected Third Amended Answer and Counterclaims filed on or about September
11 23, 2003 and in any earlier counterclaims filed in this action, but not to the
12 dismissal of any of the counterclaims asserted against any other party in this action.
13

14 15. The undersigned counsel represent that they have been
15 authorized to execute this Stipulation and [Proposed] Judgment and Permanent
16 Injunction on behalf of their respective clients, as set forth below.
17

18 16. The Court shall maintain continuing jurisdiction over this action
19 for the purpose of enforcing the final Judgment and Permanent Injunction.
20

21 17. Niklas Zennstrom, Janus Friis Degnbol, Nicola Hemming, and
22 Kevin Bermeister shall not be deemed to be included within the parties enjoined
23 pursuant to paragraph 3 above by virtue of their being agents, servants, employees,
24 representatives, parents, subsidiaries, affiliates, shareholders, officers, principals,
25 successors, assigns, licensees, transferees or otherwise, of any Kazaa Defendant.
26

27 SIGNATURES ON NEXT PAGE -
28

SCANNED

1
2 Dated: July ²⁴ __, 2006

3
4 By: _____
5 Roderick G. Dorman

By: _____
Jeffrey F. Gersh

6 HENNIGAN, BENNETT & DORMAN
7 LLP

8 GERSH KAPLAN LLP
9 *On behalf of Kazaa B.V.*

10 *On behalf of Defendants Sharman*
11 *Networks Ltd and LEF Interactive Pty*
12 *Ltd*

13 By: Thomas G. Hentoff
14 Thomas G. Hentoff

15 David E. Kendall
16 Robert J. Shaughnessy
17 Thomas G. Hentoff
18 WILLIAMS & CONNOLLY LLP

19 Gregory P. Goeckner
20 Dean C. Garfield
21 MOTION PICTURE ASSOCIATION
22 OF AMERICA, INC.

23 Jan B. Norman

24 *On behalf of Plaintiffs Metro-Goldwyn-*
25 *Mayer Studios Inc., Columbia Pictures*
26 *Industries, Inc., Disney Enterprises,*
27 *Inc., Warner Bros. Entertainment*
28 *Inc. (as successor-in-interest to the*
Time Warner Entertainment Company,
L.P.), New Line Cinema Corporation
Paramount Pictures Corporation,
Twentieth Century Fox Film Corpora-
tion, and Universal City Studios LLLP
(f/k/a Universal City Studios, Inc.)

SCANNED

1
2 Dated: July __, 2006

3
4 By: 
5 Roderick G. Dorman

6 HENNIGAN, BENNETT & DORMAN
7 LLP

8 *On behalf of Defendants Sharman*
9 *Networks Ltd and LEF Interactive Pty*
10 *Ltd*

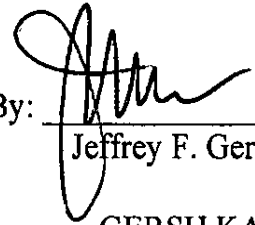
11 By: _____
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By: 
Jeffrey F. Gersh

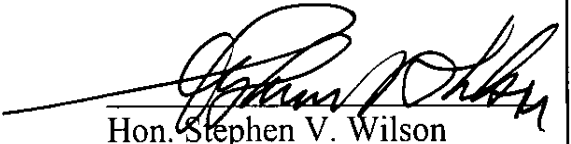
GERSH KAPLAN LLP

On behalf of Kazaa B.V.

JUDGMENT AND PERMANENT INJUNCTION

Having duly considered the Stipulation of the Parties, and the proceedings in this Action, the Court orders that the Judgment and Permanent Injunction above shall be entered as the final judgment of this Court.

SO ORDERED, this 27 day of July, 2006


Hon. Stephen V. Wilson
United States District Judge

PROOF OF SERVICE

STATE OF CALIFORNIA, COUNTY OF LOS ANGELES

I am employed in the county of Los Angeles, State of California. I am over the age of 18 and not a party to the within action. My business address is Mitchell Silberberg & Knupp LLP, 11377 West Olympic Boulevard, Los Angeles, California 90064-1683.

On July 26, 2006, I served a copy of the foregoing documents described as **STIPULATION TO CONSENT JUDGMENT AND PERMANENT INJUNCTION AGAINST SHARMAN NETWORKS LTD AND LEF INTERACTIVE PTY LTD** on the interested parties in this action at their last known address as set forth below by taking the action described below:

SEE ATTACHED SERVICE LIST

☒ **BY PLACING FOR COLLECTION AND MAILING:** I sealed and placed the envelopes for collection and mailing following ordinary business practices. I am readily familiar with the firm's practice for collection and processing of correspondence for mailing with the United States Postal Service. Under that practice it would be deposited with the U.S. Postal Service on that same day with postage thereon fully prepaid at 11377 West Olympic Boulevard, Los Angeles, CA 90064-1683 in the ordinary course of business.

I declare under penalty of perjury under the laws of the United States that the above is true and correct.

Executed on July 26, 2006, at Los Angeles, California.


Constance Haft

MGM STUDIOS, INC., et al. v. GROKSTER, LTD., et al.
USDC Case No. 01-08541 SVW (PJWx) and
Case No. 01-09923 SVW (PJWx)

SERVICE LIST

SCANNED

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